

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
PIKE COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period July 1, 2004
Through June 30, 2005**



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AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

Robbie Rudolph, Secretary, Finance and Administration Cabinet
The Honorable Lonnie Osborne
Pike County Property Valuation Administrator
Pikeville Kentucky 41501

We have performed the procedures enumerated below, which were agreed to by the Pike County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for the period July 1, 2004 through June 30, 2005. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Pike County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA had a receipt ledger, a disbursement ledger, and reconciled bank records to books each month. Re-perform the year-end bank reconciliation (June 30, 2005), to determine if amounts are accurate.

Finding -

The PVA had a receipt ledger and a disbursement ledger and reconciled bank records to books each month. However, the PVA's computer crashed during December 2004 and he lost all information for the first half of the fiscal year. The PVA resumed processing his office transactions during January 2005 and continued through June 30, 2005. Therefore, the PVA's receipts and disbursement ledgers covered only the second half of fiscal year ended June 30, 2005.

PVA's Response -

I could have reentered the checks if I had known the auditor wanted them.



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2. Procedure -

Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

Recorded city receipts agreed to amounts confirmed from city governments. The listing of city receipts appeared complete.

3. Procedure -

Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

The budgeted statutory contribution by the fiscal court agreed to the legally required amount calculated by the Department of Revenue. All fiscal court payments traced to the PVA's local bank account.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (If Any) to determine if expenditures are for official business.

Finding -

Expenditures were properly accounted for. Tested items agreed to cancelled checks and supporting documentation and were for official business. The PVA did not use a credit card to make purchases.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

Capital outlay disbursements were properly accounted for. Disbursements agreed to cancelled checks and supporting documentation. Proper purchasing procedures were followed. The location of newly acquired assets was verified. Newly acquired assets were added to the PVA's inventory list.

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6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

The PVA had no personal or professional service contracts. Vehicle lease agreements were adequately documented and payments agreed to cost schedules.

7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

Due to the problem with the PVA's computer, we were unable to compare the full fiscal year's expenditures to the budget. However, we did compare the 2nd half of the fiscal year's expenditures to the budget. In that comparison, the PVA overspent the budget for the 600 account series by \$5,390. We recommend the PVA obtain budget amendments as needed.

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if the PVA was sufficiently collateralized for the year and if a collateral agreement exists.

Finding -

The PVA's funds did not exceed Federal Deposit Insurance Coverage, no collateral agreement was necessary.

9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

During our agreed-upon procedures engagement, we determined the employees of the PVA office did not prepare, sign, or submit timesheets. We recommend the PVA require all employees to maintain timesheets. These timesheets should be prepared and signed by the employee and reviewed, approved, and signed by their supervisor before being submitted for payroll processing.

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(Continued)

9. (Continued)

PVA's Response:

Our employees follow procedures that has been ok'ed with the Dept of Revenue. The auditor fails to mention that the employees turn in a signed form that they list the number of hours each day that they don't work. We keep a copy of that form. The time sheet is filled out and sent in.

Auditor Reply:

Good internal control dictates timesheets be maintained listing hours worked and any leave used during the pay period.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Property Valuation Administrator and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

Engagement fieldwork completed -
October

14,

2005

